

REFUNDING PLAN

The Bonds are being issued to refund all of the City's outstanding Municipal Light and Power Revenue Bonds, Series 1992B (the "Refunded 1992B Bonds") and a portion of the City's outstanding Municipal Light and Power Revenue Bonds, Series 1993 (the "Refunded 1993 Bonds" and together with the Refunded 1992B Bonds, the "Refunded Bonds") and to pay the costs of issuance of the Bonds.

Refunding Plan

The proceeds from the sale of the Bonds are expected to be used to refund the following Outstanding Parity Bonds of the City for the purpose of realizing debt service savings. The Refunded 1992B Bonds are currently callable and will be called 30 days after closing of the Bonds. The Refunded 1993 Bonds will be called on November 1, 2003.

REFUNDED BONDS

Series	Maturity	Amount (\$)	Interest Rate (%)	Call Price
Series 1992B Bonds	02/01/2003	335,000	5.400	102
Serials	08/01/2003	4,345,000	5.400	102
	02/01/2004	310,000	5.500	102
	08/01/2004	4,320,000	5.500	102
	02/01/2005	285,000	5.625	102
	08/01/2005	4,290,000	5.625	102
	02/01/2006	255,000	5.750	102
	08/01/2006	5,265,000	5.750	102
	02/01/2007	220,000	5.750	102
	08/01/2007	5,230,000	5.750	102
	08/01/2008	6,370,000	5.750	102
	08/01/2009	6,765,000	5.750	102
	08/01/2010	<u>6,635,000</u>	5.750	102
Subtotal		44,625,000		
Series 1993 Bonds	11/01/2005	8,115,000 *	5.100	102
Serials	11/01/2006	3,020,000	5.200	102
	11/01/2007	3,180,000	5.300	102
	11/01/2008	3,345,000	5.400	102
Term	11/01/2010	7,245,000 *	5.450	102
Term	11/01/2013	12,425,000	5.500	102
Term	11/01/2018	<u>4,605,000 *</u>	5.375	101
Subtotal		41,935,000		
Total		86,560,000		

* Partial maturities.

From the proceeds of the Bonds and other available money, the City will purchase certain United States Treasury Certificates of Indebtedness, Notes and Bonds—State and Local Government Series and other direct, noncallable obligations of the United States (the "Acquired Obligations"). These Acquired Obligations will be deposited in the custody of U.S. Bank, N.A. or a duly appointed successor (the "Refunding Trustee"). The Acquired Obligations, interest earned thereon and any necessary beginning

cash balance will be used to provide for the payment of the Refunded Bonds, pursuant to a refunding trust agreement to be executed by the City and the Refunding Trustee.

The mathematical accuracy of (i) the computations of the adequacy of the maturing principal amounts of and interest on the Acquired Obligations to be held by the Refunding Trustee to pay principal and interest and the redemption premium, if any, on the Refunded Bonds as described above, and (ii) the computations supporting the conclusion of Bond Counsel that the Bonds are not “arbitrage bonds” under Section 148 of the Internal Revenue Code of 1986, as amended, will be verified by Grant Thornton LLP, independent certified public accountants.

Sources and Uses of Funds

The proceeds of the Bonds (excluding accrued interest) are expected to be applied as follows:

Sources of Funds

Par Amount of the Bonds	\$ 87,735,000
Net Original Issue Premium	<u>4,014,386</u>
Total Sources of Funds	<u><u>\$ 91,749,386</u></u>

Uses of Funds

Escrow Deposit	\$ 90,953,291
Costs of Issuance*	<u>796,095</u>
Total Uses of Funds	<u><u>\$ 91,749,386</u></u>

- * Includes legal fees, financial advisory fees, rating agency and printing costs, underwriter's discount, bond insurance premium, and certain miscellaneous expenses.